

FTC urges dealers to clean up the industry

By Roger Boye

A Federal Trade Commission official has called on the rare-coin industry to do more to rid the hobby of unethical coin dealers and to protect consumers from fraud.

"Without being privy to the internal affairs of your industry organizations, we don't see much happening," said Phoebe Morse, director of the FTC's Boston regional office, which has filed complaints against several coin dealers.

"Some kind of [coin-industry] action is going to be essential," Morse said. "In order to stay profitable, you have to keep consumer confidence. In order to keep consumer confidence, you need to find some way to limit the number of people being caught in coin scams. That doesn't seem to have changed over the last five or six years."

Morse told about 90 dealers and collectors at the "World's Fair of Money" coin show in Rosemont last month that the hobby could rigorously enforce ethical codes that some numismatic organizations already have in place to guide their members.

"You don't have to wait for the government to act first," she said. "Don't be afraid to be sued. No one ever makes progress without rocking the boat. If you fail to take action because of those kinds of threats, you'll continue to make [but] a small dent in the problem."

Morse was one of five persons who discussed coin-industry self regulation on a panel sponsored

by the American Numismatic Association.

Another FTC representative, Barry Cutler, said his agency will continue to take action against retailers who oversell rare coins as an investment and put "a stigma on an industry that shouldn't have a stigma."

Cutler, director of the FTC Consumer Protection Division, added that dealers who sell good-quality coins without false claims of their investment potential have little to fear from the FTC.

Kenneth Bressett, an ANA governor, said the industry already is "taking good care of itself" for the most part and that the ANA tries to expel members who violate its code of ethics.

"If people complain to the ANA, we'll follow through," Bressett said. The ANA is the nation's largest organization of coin collectors with 31,000 members.

Morse added that the FTC wants to promote fair competition rather than put legitimate coin dealers out of business.

"What is troublesome is anything that tricks the consumer," Morse said. Coin dealers "have a responsibility to take consumer ignorance into account" when dealing with their customers.

Earlier this year, a committee of hobby pros calling for a coin industry "self regulatory organization" dissolved itself, in part because it could not raise enough money to continue its work. Also, not all hobby leaders thought such an organization was needed because they said the coin business already is well regulated by the FTC, U.S. Postal Service and others.

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The Professional Numismatists Guild, Inc., is distributing a 16-page booklet it published on "The Pleasure of Coin Collecting," which complements a 1986 brochure on rare-coin investments. For a free copy of either publication, write to the PNG, P.O. Box 430, Van Nuys, Calif. 91408.

The PNG is an association of coin dealers who, among other things, agree to submit to legally binding arbitration to settle any dispute with a customer.

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At least 30 coin dealers will sell their wares on Sept. 29 at the annual show of the Elgin Coin Club. Hours are 9 a.m. to 4 p.m. at the Ramada Inn, 500 W. River Road, near the intersection of Interstate 90 and Highway 31 in Elgin. Club members will run a free coin grading and appraisal table, and admission to the show is free.